

REPORT

ON THE VALUATION OF THE

GOVERNMENT INSURANCE DEPARTMENT

AS AT 31ST DECEMBER, 1931.

Presented to both Houses of the General Assembly pursuant to Section 40 of the Government Life Insurance Act, 1908.

Wellington, 10th March, 1932.

IN accordance with your instructions, a valuation of the annuity and the assurance contracts of the Department has been made for the year ended 31st December, 1931, with the object of ascertaining the net surplus available for distribution amongst the policyholders, and, in compliance with section 40 of the Government Life Insurance Act, 1908, and amendments, I have the honour to report as follows:—

The business to be valued consisted of 71,075 policies, assuring, inclusive of bonus additions, £24,053,348, and £27,635 immediate and deferred annuities per annum; the Office premiums thereon amounting to £660,399 per annum.

The bases adopted for the valuation were as follows:—

- (a) The British Offices OM Table, 1893, and the British Offices Annuity Tables, 1920, were employed in the case of assurances and annuities respectively, with 3 per cent. interest, and
- (b) The net premium method of valuation has been followed in arriving at the value, according to the above tables, of the liabilities in respect of the Department's contracts. Adequate additional reserves have been included for future bonuses, expenses, and other contingencies.

As shown below, the valuation has disclosed a total surplus of £240,010, of which the sum of £3,692 has been applied to the payment of interim bonuses during the year, the balance—£236,318—being available for distribution.

Total funds at 31st December, 1931	..	..	..	..	£	8,568,627
Less value of liabilities	..	..	..	..	£	8,332,309
Net surplus	..	..	..	..		236,318
Add interim bonus paid during year	..	..	..	..		3,692
Total surplus	..	..	..	..		<u>£240,010</u>

As required by the Act, separate investigations of the sources of surplus in the General and Temperance Sections have been made, the results of which indicate that the same rates of bonus should be allotted to policies of the same class in both sections.

I accordingly recommend that the following rates of compound reversionary bonus be declared on the sum assured and existing bonuses in respect of each full year's premium paid during the year:—

Policies issued under present premium tables—

	Per Cent.
Whole-life assurances and long-term endowment assurances (Tables A, B, and A special)	£ s. d. .. 2 2 0
Endowment assurances (excluding Tables A, B, and A special)	.. 1 18 0
Double endowment assurances and pure endowments	.. 1 7 6
Policies issued under premium tables which have been closed—	
Whole-life and endowment assurances	.. 1 16 0
Double endowments	.. 1 10 0

The above bonuses will absorb the sum of £228,646, and I recommend that the balance of the net surplus—£7,672—be carried forward.

S. BECKINGSALE, A.I.A., Acting-Actuary.

The Government Insurance Commissioner, Wellington

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